

Message Text

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15

ACTION EUR-25

INFO OCT-01 ADP-00 L-03 CIAE-00 COME-00 EB-11 INR-10

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FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 4213

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E. O. 11652: N/A

TAGS: ELAB, MT

SUBJECT: LABOR PROBLEMS

1. RECENT DECISION BY GOVERNMENT OF MALTA TO PROVIDE ONE MALTESE POUND PER WEEK COST OF LIVING INCREASE TO GOVERNMENT EMPLOYEES AND MALTA DRYDOCKS WORKERS IS NOW BEGINNING TO HAVE ITS EFFECT ON PRIVATE SECTOR.
2. ADDED TO OTHER GRIEVANCES, THIS HAS PROMPTED HOTEL WORKERS TO CALL STRIKE AT SIX OF MALTA'S SEVEN LUXURY CLASS HOTELS. (SEVENTH HOTEL, MALTA HILTON, HAS BEEN NEGOTIATING SEPARATELY AND IS NOT STRUCK.) STRIKE HAS COME AT BAD MOMENT FOR HOTEL TRADE SINCE EASTER HOLIDAYS HAVE BROUGHT LARGE NUMBER OF TOURISTS FROM UK AND WESTERN EUROPE.
3. SOFT DRINK BOTTLERS, WHICH INCLUDE MALTA'S ONLY BREWERY, HAVE BEEN SUFFERING FROM "WORK- TO- RULE" AND OTHER SLOWDOWN MEASURES FOR ABOUT TEN DAYS. AS OF APRIL 23, BOTTLERS DECIDED THAT WITH RIGID PRICE CONTROLS, RISING RAW MATERIAL AND LABOR COSTS THEY CAN NO LONGER OPERATE PROFITABLY AND HAVE IN TURN IMPOSED LOCKOUT. THIS FIELD AS WELL HAS CLOSE RELATIONSHIP TO TOURIST BUSINESS, AND AS TOURIST SEASON PROGRESSES THERE WILL BE INCREASING PRESSURES TO SETTLE BOTH HOTEL AND BOTTLING

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DISPUTES.

4. IN SPITE OF SIGNIFICANT UPTURN IN TOURIST ARRIVALS DURING PAST THREE MONTHS, MOST HOTELS ARE SUFFERING BADLY FROM NEARLY TWO YEARS OF SLUMP. INDUSTRIAL ACTION AT THIS TIME IS A SERIOUS BLOW. NONETHELESS, COST OF LIVATTERED THROUGHOUT GROUP. NO AIRSTRIPS AND NO HARBOR FACILITIES EVEN AT MAIN VILLAGE OF PANGAI. PANGAI IS EIGHT HOURS STEAMING TIME FROM TONGA CAPITAL NUKU ALOFA. ALL CARGO MUST BE OFFLOADED INTO TWENTY FOOT OPEN PUNTS. EMBASSY BELIEVES THESE POINTS CAN BE HELPFUL IN CONSIDERING SIZE AND NATURE ANY RELIEF ASSISTANCE IF REQUESTED OR DESIRABLE. SKIFF

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